

**The National Taxpayer Advocate Has
Improved the Quality of Casework, but
Continued Vigilance Is Needed to Increase
Compliance With the Quality Standards**

March 2003

Reference Number: 2003-10-074

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

March 10, 2003

MEMORANDUM FOR NATIONAL TAXPAYER ADVOCATE

Gordon C. Milbourn III

FROM: Gordon C. Milbourn III
Acting Deputy Inspector General for Audit

SUBJECT: Final Audit Report - The National Taxpayer Advocate Has
Improved the Quality of Casework, but Continued Vigilance Is
Needed to Increase Compliance With the Quality Standards
(Audit # 200210017)

This report presents the results of our review of the quality of the National Taxpayer Advocate's (NTA) casework. The overall objective of this review was to evaluate the quality of case resolutions provided by Taxpayer Advocate Service (TAS) caseworkers, focusing on their conformity with TAS quality standards for accuracy, effective communication, and timeliness. We also followed up on the corrective actions taken to address findings contained in a prior Treasury Inspector General for Tax Administration audit report¹ to determine if those actions were implemented.

The NTA heads the TAS and, in that capacity, serves as the advocate for all taxpayers interacting with the Internal Revenue Service (IRS). The NTA's role is to assist taxpayers by providing prompt and appropriate relief to problems the IRS has been unable to resolve to the taxpayers' satisfaction.

In summary, the NTA improved the quality of taxpayer service and case resolutions; however, the rate of noncompliance with individual TAS quality standards was still high. Continued attention is needed to further enhance service and improve the quality of case resolutions.

The quality improvement projects and initiatives implemented by the NTA through the area directors and local taxpayer advocates, coupled with the increased experience of

¹ *The National Taxpayer Advocate Can Improve the Service Provided to Taxpayers*
(Reference Number 2001-10-001, dated October 2000).

the TAS staff, had a positive effect on the quality of service provided to taxpayers. The TAS quality scores, as reported by the NTA, reflect an overall increase from March 2001 through August 2002. Nevertheless, the results from the current audit demonstrate there is room for additional improvement. Our review of 50 cases closed between July 1, 2001, and January 31, 2002, identified 22 cases where caseworkers did not comply with 1 or more of the 8 quality standards when resolving problems and communicating with the taxpayer. In 11 of the 22 cases, the noncompliance related solely to 1 or more of the 3 timeliness standards. The remaining 11 cases contained accuracy errors, communication errors, or a combination of timeliness, accuracy, and/or communication errors. Our current review identified three quality standards, Standards 1, 3, and 5, that were causing the TAS most of its compliance problems.

With further improvement in quality, taxpayers will continue to gain confidence in the TAS' ability to effectively interact with the IRS on their behalf. The TAS can no longer rely principally on the initiatives of individual area directors and local managers to improve quality. Without major improvements in Standards 3 and 5 and continued emphasis on the other standards, including Standard 1, the TAS may be unable to realize its quality goal of 90 percent in Fiscal Year (FY) 2003 and higher goals in FY 2004 and beyond. Therefore, based on our results and TAS quality review results, we believe the TAS should emphasize compliance with those standards needing the most improvement. We recommended the NTA expand the national analysis of quality, through studies similar to the Campus Quality Improvement Project, to identify the systemic causes for standards not being met and to initiate national, area, and/or local program initiatives and training to address the reasons for noncompliance.

Management's Response: The NTA agreed that an ongoing evaluation of the standards to identify potential national initiatives, coordinated with area and local offices, is required to meet higher quality goals. During FY 2003, the NTA plans to begin several national initiatives that it believes will identify areas for improving TAS processes and procedures. The overall intention is for the TAS to have a direct impact on improving performance in offices achieving low quality scores. The NTA will provide TAS employees training on any new or revised procedures resulting from the national initiatives and monitor the overall quality measures to evaluate the effectiveness of the resulting improvements. Management's complete response to the draft report is included as Appendix VII.

Please contact me at (202) 622-6510 if you have questions or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

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Background

The National Taxpayer Advocate (NTA) heads the Taxpayer Advocate Service (TAS) and, in that capacity, serves as the advocate for all taxpayers interacting with the Internal Revenue Service (IRS). The NTA's role is to assist taxpayers by providing prompt and appropriate relief to problems the IRS has been unable to resolve to the taxpayers' satisfaction. Taxpayer advocates are located in each state and at each IRS campus.¹ There are 9 area directors who report to the NTA and oversee the casework of 74 local taxpayer advocates. The local taxpayer advocates manage the local TAS offices and report to the area directors. Associate advocates (caseworkers) in the local offices are responsible for helping taxpayers resolve problems by taking an objective look at their problems and working with IRS functions to ensure a fair outcome. In Fiscal Year (FY) 2002, the TAS closed over 234,000 regular criteria cases.²

To ensure the accurate and timely resolution of taxpayer problems, the NTA established eight customer service quality standards that TAS caseworkers must follow during case resolution. The standards reflect the elements of case work that the NTA wanted to measure on a nationwide basis to ensure cases were being worked timely and accurately and that taxpayers were receiving quality communication from the TAS.

There are three standards that track the timeliness of case actions:

- Standard 1 – Establishes that caseworkers made timely initial contact with the taxpayer.
- Standard 2 – Tracks the timeliness of the initial actions taken in the case.
- Standard 3 – Monitors the timeliness of all subsequent case actions.

¹ The 10 campuses are the data processing arms of the IRS. Campuses process paper and electronic submissions, correct errors, and forward data to the computing centers for analysis and posting to taxpayer accounts.

² The TAS classifies its cases into criteria cases and non-criteria cases. Our case review included only regular criteria cases.

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Three additional standards evaluate the accuracy of the casework:

- Standard 4 – Evaluates if the caseworker resolved all of the taxpayer's issues.
- Standard 5 – Establishes that the caseworker addressed all related issues in the case.
- Standard 6 – Verifies that all case adjustments were technically and procedurally correct.

The last two standards evaluate the quality of communication between the caseworker and the taxpayer:

- Standard 7 – Evaluates if the taxpayer was provided a clear, complete, and correct explanation of the case resolution.
- Standard 8 – Determines if the caseworker educated the taxpayer regarding any of the taxpayer's actions that contributed to the problems identified.

Appendix IV provides more detail on the eight standards.

To maintain a measure of quality in case processing, the Office of Program Planning and Quality monitors compliance with the eight quality standards by selecting a random sample of cases that are reviewed and scored to produce a casework quality index. Area offices are provided quarterly reports detailing the quality review results and highlighting problem areas that may require additional training or program emphasis.

The TAS vision and mission statements assert that caseworkers should resolve problems taxpayers have with the IRS and recommend changes that could prevent future problems. The TAS encourages resolution of all taxpayer issues at the point of first contact and maintains that providing excellent service to each taxpayer is paramount. The NTA focuses on the eight quality standards as the principle measure for demonstrating the TAS' effectiveness in accomplishing its mission and program goals. For FY 2002, the NTA established an overall casework quality

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goal of 80 percent for each of the 8 standards, with the intent to increase the goal to 90 percent in FY 2003.

Between October 1999 and July 2000, the Treasury Inspector General for Tax Administration (TIGTA) performed an audit of the newly-formed TAS organization to evaluate the quality of caseworkers' responses to taxpayers. In October 2000,³ the TIGTA reported that TAS caseworkers did not always accurately and timely address taxpayers' problems or effectively communicate with taxpayers. The TIGTA believed the NTA did not effectively use available quality review results to identify TAS training needs or areas of improvement, and did not require local TAS management to initiate independent actions based on these quality reviews. In response, the NTA agreed to take specific steps to improve the quality of taxpayer service.

To follow up on the TAS' progress, we initiated this audit to review another sample of recently closed cases. The audit included discussions with analysts and managers at the TAS headquarters and 23 area and local offices. The audit was conducted between February and November 2002 in accordance with *Government Auditing Standards*. Detailed information on our audit objectives, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II. Appendix V lists the TAS offices contacted.

Taxpayer Advocate Service Cases Still Do Not Meet All of the Quality Standards

Although the quality of casework has improved, TAS cases still do not meet all of the NTA's quality standards. In 22 of the 50 cases reviewed, we identified instances in which caseworkers did not comply with 1 or more of the 8 quality standards when resolving problems and communicating with the taxpayer.⁴ In 11 of the 22 cases, the noncompliance related solely to 1 or more of the 3 timeliness standards. The remaining 11 cases contained accuracy errors, communication errors, or a combination of

³ *The National Taxpayer Advocate Can Improve the Service Provided to Taxpayers* (Reference Number 2001-10-001, dated October 2000).

⁴ The sample was selected from a population of 148,923 cases closed between July 1, 2001, and January 31, 2002.

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timeliness, accuracy, and/or communication errors. Based on our results and the TAS quality review results, we believe three of the quality standards, Standards 1, 3, and 5, are causing the TAS most of its compliance problems. The NTA will need to significantly improve compliance under these 3 standards to achieve the FY 2003 quality goal of 90 percent.

As of August 2002, the TAS reported a cumulative compliance rate of 78.3 percent, representing an improvement in quality to a historical high. The FY 2002 cumulative score through August 2002 was almost 7 percentage points higher than the 71.6 percent score reported for all of FY 2001. Quality levels have risen due to a more experienced TAS workforce and the actions taken by area directors and local taxpayer advocates.

In response to the TIGTA's October 2000 report, the NTA required that local and area managers review and analyze the quality review results provided by the Office of Program Planning and Quality.⁵ Under the TAS Balanced Measures System, the area directors were instructed to use the quality review results to improve their office quality by sharing best practices, setting up training classes, and working within their individual offices to address the specific problem areas they identified. Through this process, corrective actions, including training, were focused at the area and local office levels based on the needs identified. During this audit, we examined evidence that the area and local offices were analyzing and using the quality review results to improve their individual operations. The resulting increases in the TAS quality scores demonstrate the measure of their success.

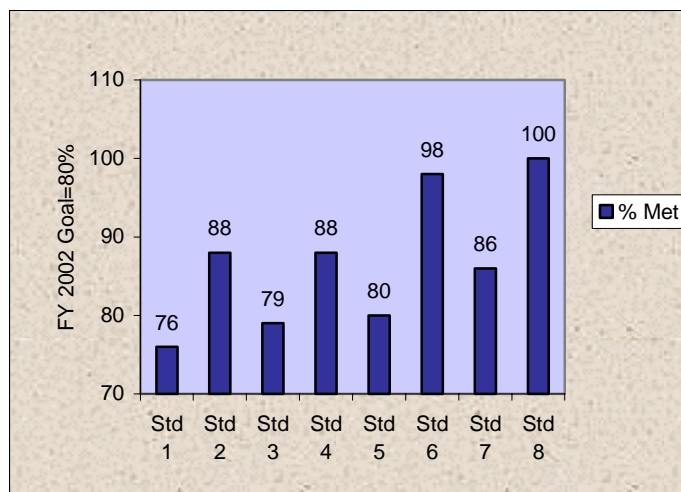
Nevertheless, there is room for additional improvement as shown in the following chart depicting our case review results. Our results identified 3 standards that were at or below the FY 2002 quality goal of 80 percent. This means

⁵ The Office of Program Planning and Quality provides area offices quarterly reports detailing quality review results and highlights standards needing improvement through additional area emphasis or training.

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that for those three standards approximately one out of five taxpayers requesting TAS assistance did not receive timely service or did not have all related issues adequately addressed.

TIGTA Case Review Results - Period Covered by Cases: July 1, 2001, to January 31, 2002



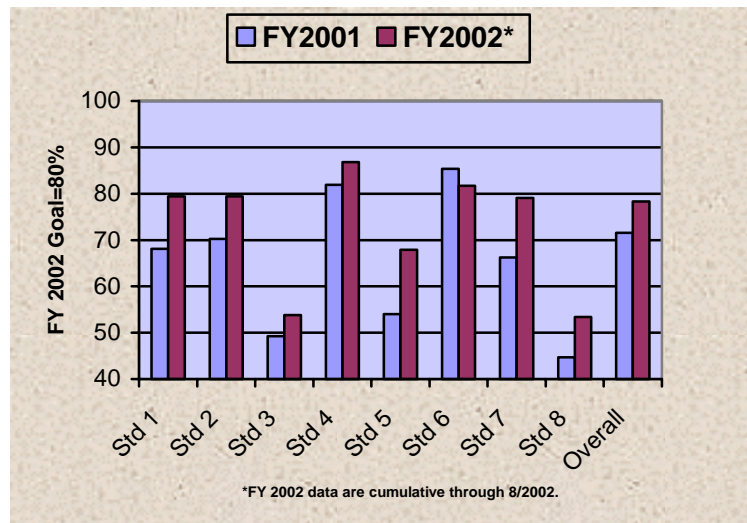
Source: See Appendix VI for detailed results of the case reviews.

While improvement in all the standards should be emphasized, our test results indicate that the TAS should pay particular attention to Standards 1, 3, and 5. These standards address the caseworker's timely initial contact with the taxpayer, timely subsequent case actions, and the appropriate resolution of other related case issues. The TAS cumulative quality review results support our analysis, as both reviews identified these standards as needing emphasis.

The following chart depicts TAS cumulative quality scores by standard for FY 2001 and for the first 11 months of FY 2002.

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TAS Quality Review Results for FYs 2001 and 2002⁶



Source: See Appendix VI for actual percentages.

TAS data show that compliance rates for Standards 1, 3, and 5 increased an average of 9.9 percentage points over the period March 2001 through August 2002, while the average increase for the other 5 standards was somewhat less, at 6.4 percent. However, even with this level of improvement through August 2002, Standard 3 had TAS compliance rates below the 80 percentile in all 9 area offices. Standard 5 was below 80 percent in 8 of the 9 area offices, and 3 offices just met or were below the FY 2002 compliance rate goal for Standard 1.⁷

The FYs 2001 and 2002 quarterly reports provided by the Office of Program Planning and Quality have repeatedly highlighted Standards 3 and 5 for the area directors' emphasis and possible local training. However, while reviewing quality data to identify overall noncompliance

⁶ A review of the TAS data was not included in the scope of this audit. The data are being presented solely for comparison purposes to demonstrate the similarity between TAS and TIGTA results.

⁷ The Office of Program Planning and Quality indicated that the data for Standard 8 might not be reliable due to the large number of cases where the standard was not applicable. The current calculation method considers "not applicable" cases as errors.

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with the standards and indicators of potential problem areas, the Office of Program Planning and Quality did not perform any underlying analysis to determine the root causes for not meeting these standards.

The TAS Headquarters Office did promote quality improvement projects, assistance visits, training, and the implementation of the analyst visitation program, but, again, these initiatives were primarily focused on quality at the individual area and local field offices. The area and field offices, while provided with some guidance, were left to initiate their own individual remedies for the problems identified. As a result, some unidentified or hard-to-remedy compliance problems may have gone unaddressed and continued to manifest themselves in the overall quality results, especially for Standards 3 and 5.

While the TAS' initial efforts at the area and local levels advanced the quality scores, we believe that an increase to 90 percent compliance in FY 2003 may require the TAS to focus on identifying and addressing the more difficult systemic problems and national training needs. For example, as a result of a discussion between the IRS Commissioner and the NTA, the Deputy National Taxpayer Advocate (DNTA) was commissioned to conduct a special study of TAS campus quality and to determine ways to improve performance. In November 2001, the DNTA approved the Campus Quality Improvement Project, comprised of four sub-projects looking at inventory volumes, consistency, work processes, training, and their impact on quality.

The Campus Quality Improvement Project has already produced some interesting results and recommendations that could have a positive impact on the quality scores by identifying some systemic issues with national impact. For example, the inventory volumes workgroup determined in two area offices that larger case inventories per employee or per office had an adverse impact on case quality, especially for the timeliness standards. To address this systemic issue, the workgroup recommended that the NTA consider centralizing the inventory distribution function to level case workloads at area offices. While needing further study, this

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recommendation was interesting because implementation would have a nationwide impact in all nine of the TAS area offices. The consistency review workgroup identified the need to clarify the definition of a related issue under Standard 5 and recommended that national TAS guidance be revised.

The Campus Quality Improvement Project demonstrates the value of looking at quality from a national perspective. Therefore, we believe that for the TAS to achieve its quality goal of 90 percent in FY 2003, the NTA must continue to emphasize quality improvement initiatives at the area and local offices. It must also continue with national level quality review studies to analyze underlying data, business processes, and procedures to identify national initiatives and fixes to improve overall quality standards where, over time, the needed quality improvements have not been realized.

The NTA should implement an ongoing process to continue and expand these efforts focusing on the quality review standards needing the most improvement. This would allow the TAS to determine the underlying root causes impeding quality and to further the development of a national emphasis on program improvements and training.

With further improvement in quality, taxpayers will continue to gain confidence in the TAS' ability to effectively interact with the IRS on their behalf. The TAS can no longer rely principally on the initiatives of individual area directors and local managers to improve quality. Without major improvements in Standards 3 and 5 and continued emphasis on the other standards, including Standard 1, the TAS may be unable to realize its quality goal of 90 percent for FY 2003 and higher goals in FY 2004 and beyond.

Recommendation

The NTA should continue emphasizing quality at the local and area offices by having local managers analyze quality review results to identify individual office weaknesses and opportunities for quality improvement. However, in addition to this approach, the NTA should:

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1. Expand the national analysis of quality through studies similar to the Campus Quality Improvement Project to evaluate, on an ongoing national basis, the standards needing the most improvement. This would provide opportunities to identify similar systemic causes for standards not being met and to begin national, area, and/or local program initiatives and training to address the reasons for noncompliance.

Management's Response: The NTA agreed that an ongoing evaluation of the standards to identify potential national initiatives, coordinated with area and local offices, is required to meet higher quality goals. During FY 2003, the NTA plans to begin several national initiatives that it believes will identify areas for improving TAS processes and procedures. The overall intention is for the TAS to have a direct impact on improving performance in offices achieving low quality scores. The NTA will provide TAS employees training on any new or revised procedures resulting from the national initiatives and monitor the overall quality measures to evaluate the effectiveness of the resulting improvements.

Detailed Objectives, Scope, and Methodology

The overall objective of this review was to evaluate the quality of case resolutions provided by Taxpayer Advocate Service (TAS) caseworkers, focusing on their conformity with TAS quality standards for accuracy, effective communication, and timeliness. We also followed up on the corrective actions taken to address findings contained in a prior audit report¹ to determine whether those actions were implemented.

- I. To evaluate the actions taken by the TAS to identify training needs and emphasis areas and how the TAS case quality review results are used, we:
 - A. Interviewed National Headquarters managers.
 - B. Obtained and analyzed for trends three of the quality review reports covering the period from July 2001 through March 2002.
 - C. Evaluated whether the actions taken by the TAS National Headquarters would adequately address the trends identified.
- II. To evaluate the actions by taxpayer advocates in local offices and Internal Revenue Service (IRS) campuses² to report quarterly on the corrective actions taken to address quality standards that warrant improvement, we:
 - A. Selected a judgmental sample of 3 of the 9 area directors and 20 of the 74 local taxpayer advocates. We obtained a list of all area directors and local taxpayer advocates and, using a random number table, randomly selected the desired number of managers to be interviewed. We used a judgmental sample because we did not plan to project our results.
 - B. Interviewed the selected managers to determine how they used the case quality review results and what actions were taken to address any trends identified.
 - C. Compared the results of three recent TAS quality review reports for each office to the trends identified during our case reviews and evaluated the actions taken by the TAS to address any trends it identified.

¹ *The National Taxpayer Advocate Can Improve the Service Provided to Taxpayers* (Reference Number 2001-10-001, dated October 2000).

² The campuses are the data processing arms of the IRS. Campuses process paper and electronic submissions, correct errors, and forward data to the computing centers for analysis and posting to taxpayer accounts.

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- III. To determine the quality of case resolutions, we:
 - A. Selected a judgmental sample of 50 cases for review from a download of 148,923 TAS cases on the Taxpayer Advocate Management Information System that were closed between July 1, 2001, and January 31, 2002. We reviewed the 50 cases to determine if the TAS' 8 quality standards for timeliness, accuracy, and communication were being met. We used a judgmental sample because we did not plan to project our results.

Major Contributors to This Report

Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs)

Mary V. Baker, Director

Augusta R. Cook, Audit Manager

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Sharon Shepherd, Senior Auditor

Nelva Blassingame, Auditor

Andrew Burns, Auditor

Tracy Harper, Auditor

Lynn Ross, Auditor

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Appendix III

Report Distribution List

Acting Commissioner N:C

Chief Counsel CC

Director, Legislative Affairs CL:LA

Director, Office of Program Evaluation and Risk Analysis N:ADC:R:O

Office of Management Controls N:CFO:F:M

Audit Liaison: National Taxpayer Advocate TA

National Taxpayer Advocate Case Quality Standards

Timeliness Standards

Standard 1 – Did the Taxpayer Advocate Service (TAS) make timely initial contact with the taxpayer?

The TAS must make contact with the taxpayer/representative (preferably by telephone) within the specified time period.

Standard 2 – Did the TAS take initial action/request information timely?

The TAS must take important or essential initial actions to resolve the taxpayer's case with no unnecessary delays. This standard ensures that case actions are started promptly.

Standard 3 – Did the TAS take all subsequent actions timely from the time action could have been taken?

It is essential that the TAS take actions expeditiously to resolve the taxpayer's case with no unnecessary delays. To ensure timely actions, the TAS should use follow-up dates for subsequent actions and due dates for information requested.

Accuracy Standards

Standard 4 – Did the TAS resolve all taxpayer issues?

The TAS cannot close a case until the TAS has taken **all** actions necessary to resolve the taxpayer's issue(s) and **all** transactions have posted. If the TAS does not properly resolve the taxpayer's issue(s), the taxpayer will not be satisfied and will need to contact the Internal Revenue Service (IRS) again.

Standard 5 – Did the TAS address all related issues?

TAS cases result from prior inquiries that the IRS has not resolved or resolved only partially (i.e., the IRS did not address all related issues). To consider cases completely resolved, the TAS must correctly address all related issues. Related issues can be other issues that the taxpayer may have which the taxpayer may not know about or may need reminding about (such as other outstanding balances or unfiled tax returns). Other related issues occur when resolution of a taxpayer's case affects a non-TAS taxpayer. The TAS must address the non-TAS taxpayer's issue even if the impact may not be immediate.

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Standard 6 – Were all adjustments that impact the taxpayer technically/procedurally correct?

This standard ensures that adjustments made by the TAS and IRS functions are technically and procedurally correct. The term “technically correct” refers to the mechanics of the adjustments, while “procedurally correct” refers to working the case in accordance with the Internal Revenue Manual and handbooks.

Communication Standards

Standard 7 – Did the TAS give the taxpayer a clear, complete, correct explanation at closing?

TAS customer surveys indicate taxpayers expect clear, complete, and correct explanations of the resolution of their problems at case closing. This means that case histories must include documented evidence that the TAS informed the taxpayer/representative at closing of the final resolution of his or her complaint (including appeal rights when applicable). By addressing all issues as identified by the taxpayer and/or the TAS, the TAS ensures resolution of all taxpayer issues at the point of first contact.

Standard 8 – Did the TAS educate the taxpayer regarding any of his/her actions that contributed to the problem?

It is necessary to educate the taxpayer to ensure his or her compliance with tax laws and to prevent recurrence of the same issue(s)/problem(s) in the future.

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Appendix V

List of Offices Contacted

We interviewed the area directors or the local taxpayer advocates in the following offices for information on their efforts to improve the quality of service provided to taxpayers:

<u>Office</u>	<u>Location</u>
Alabama	Birmingham, Alabama
Connecticut	Hartford, Connecticut
Kansas	Wichita, Kansas
Maryland	Baltimore, Maryland
Minnesota	St. Paul, Minnesota
New Jersey	Paterson, New Jersey
Louisiana	New Orleans, Louisiana
New York	Albany, New York
New York	Buffalo, New York
North Dakota	Fargo, North Dakota
Oklahoma	Oklahoma City, Oklahoma
Oregon	Portland, Oregon
Rhode Island	Providence, Rhode Island
Utah	Salt Lake City, Utah
Virginia	Richmond, Virginia
Wisconsin	Milwaukee, Wisconsin
AREA Dallas	Dallas, Texas
AREA Oakland	Oakland, California
AREA Seattle	Seattle, Washington
Andover CAMPUS	Andover, Massachusetts
Cincinnati CAMPUS	Covington, Kentucky
Kansas City CAMPUS	Overland Park, Kansas
Philadelphia CAMPUS	Philadelphia, Pennsylvania

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Appendix VI

Case Review Results

	Number of Cases With Standard Met	Number of Cases With Standard Applicable ¹	Percent Met	Taxpayer Advocate Service Quality Review Scores for Fiscal Year (FY)	
				2001	2002 ²
TIMELINESS					
Standard #1 – Timely Initial Contact³	38	50	76%	68.09	79.4
Standard #2 – Timely Initial Actions	44	50	88%	70.26	79.4
Standard #3 – Timely Follow-Up Actions	38	48	79%	49.26	53.8
ACCURACY					
Standard #4 – All Issues Resolved	44	50	88%	81.89	86.8
Standard #5 – All Related Issues Resolved	8	10	80%	54.03	67.9
Standard #6 – All Adjustments Correct	49	50	98%	85.36	81.7
COMMUNICATION					
Standard #7 – Clear and Complete Closing	37	43	86%	66.22	79.1
Standard #8 – Educated Taxpayer	7	7	100%	44.67	53.4

¹ Number of cases with standard applicable. For example, all cases have problems to be resolved, but not all cases have any related issues present or require adjustments to resolve the problem.

² FY 2002 data are cumulative through August 2002.

³ The average length of delay for the 12 cases not meeting the standard was 6 days, with a range of 1-19 days.

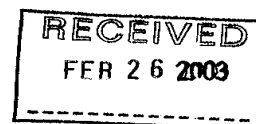
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Appendix VII

Management's Response to the Draft Report



National Taxpayer Advocate



FEB 24 2003

MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

FROM:

Nina E. Olson
National Taxpayer Advocate

SUBJECT:

Response to Draft Audit Report – The National Taxpayer Advocate Has Improved the Quality of Casework; but Continued Vigilance Is Needed to Increase Compliance With the Quality Standards (# 200210017)

As you acknowledge in your report, TAS has vigorously undertaken a number of initiatives to enhance the quality of service to taxpayers. We concluded FY 02 with an overall quality score of 78.5. This is a significant improvement from FY 00 and FY 01 scores of 67 and 71.6, respectively. Quality for the first month in FY 03 stands at 80.3. You also noted that our initiatives such as the Campus Quality Improvement Project, the national office analyst visitation program, the quarterly analytical report, and TAS' process improvement efforts at the local and area offices have resulted in "improvement in quality to an historical high."

Your statement that "Taxpayer Advocate Service Cases Still Do Not Meet All of the Quality Standards" is based on your review of cases not meeting a particular standard and data analysis suggesting certain quality standards overall measure less than 80%. Our principal approach in managing improvement efforts is to analyze "diagnostic results" by standard and focus on indicators with the lowest score. Overall TAS quality is measured by how successful the case meets **all** standards, measured by weighted score, not by a single indicator. Although our approach to measuring quality differs, we will continue to address the timeliness standard as appropriate to address this critical taxpayer expectation.

We concur that continued vigilance is required to achieve our quality goals in FY 03 and beyond. In addition to the initiatives you noted in your report, and which we shared with you during your visit, we are engaged in several activities to improve quality. These activities are already having a positive affect on quality, and we expect our planned initiatives to also positively affect TAS' quality results. For example:

The Office of the Taxpayer Advocate operates independently of any other IRS Office and reports directly to Congress through the National Taxpayer Advocate.

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- We are in the final stages of developing a four-year NTA strategic training plan that includes a focus on issues affecting quality. An inventory management training module for all advocates will be delivered soon. Further, during the all TAS employees' CPE in August 2002, employees received training on a variety of quality related topics.
- The service level agreements recently reached with the operating divisions and Appeals should encourage consistency and help TAS to work taxpayer cases more timely. The National Taxpayer Advocate has convened an executive level task force to monitor the implementation of these agreements and to address related issues. For example, the team will be recommending uniform campus procedures for handling the top ten TAMIS major issue codes. A uniform processing approach across campuses will eliminate delays resulting from confusing or conflicting procedures.
- We assigned each area office a specific major issue (MI) code to analyze for improving timely and accurate service to taxpayers. Cases with the largest volume and highest cycle time were targeted. The study focused on processes for certain type of cases (e.g., innocent spouse, open audits) and identifying root causes for delay. Each area reported its findings at the end of FY 2002, and we are implementing improvements.
- The Annual Report on Quality, implemented as a result of the prior TIGTA audit was enhanced to focus office improvement efforts on data-driven improvement initiatives.
- The NTA directed an analysis of cases over 100 days old emphasizing management intervention, which should positively affect TAS adherence to the timeliness standards.
- Program Planning and Quality's **Quality Newstand** communicates process improvements and educates TAS advocates on standards and technical references that affect quality.
- The establishment of the TAS Quality Review function, with a dedicated staff that reports to one manager, will encourage consistent reporting and additional data analysis on quality results and improvement focus.

TIGTA Recommendation:

Expand the national analysis of quality through similarly designed studies such as the Campus Quality Improvement Project to evaluate, on an ongoing national basis, the standards needing the most improvement. This would allow opportunities to identify similar systemic causes for standards not being met and allow for initiation of national program initiatives or training to address the reasons for noncompliance.

The National Taxpayer Advocate Has Improved the Quality of Casework, but Continued Vigilance Is Needed to Increase Compliance With the Quality Standards

Management Action:

Our decentralized concept of operations holds management accountable for quality results in the area and local offices. However, we agree that an ongoing evaluation of the standards to identify potential national initiatives, coordinated with area and local offices, is required to meet higher quality goals. We will begin several national initiatives during fiscal year 2003 that will identify areas for improvement in TAS processes and procedures. These initiatives include:

- Improving TAS office performance for those quality standards in which we are achieving low quality scores
- Reviewing TAS delegated authorities
- Monitoring and refining the Service Level Agreements
- Developing a standard approach and definition for TAS significant hardship criteria

When recommendations are completed and accepted, we will train TAS employees in any new or revised procedures during the annual all TAS employee training symposium or through other training methods. We will continue to monitor changes in our overall quality measure to evaluate the effectiveness of improvements.

Completion Date:

Not applicable. Quality improvements efforts and initiatives are ongoing.

Thank you for the opportunity to review and comment on this report. If you have any questions or concerns, please call Rena Girinakis at (202) 622-4321.